

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
MCT-01 EB-08 OMB-01 TRSE-00 COME-00 OES-07 DOE-15
SOE-02 LAB-04 SIL-01 /105 W
-----045244 261732Z /43
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7491

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E.O.11652: N/A
TAGS: PINT, ELAB, BE
SUBJECT: TINDEMANS PRESENTS "ANTI-CRISIS"
BILL IN LOWER HOUSE

REFS: A) BRUSSELS 12072, B) 77 BRUSSELS 1616

1. SUMMARY.

DESPITE ITS MILD NATURE, THE ANTI-CRISIS ("DINOSAUR")
BILL PRESENTED TO PARLIAMENT BY BELGIAN PRIME MINISTER
LEO TINDEMANS ON JUNE 22 IS DRAWING FIRE FROM EMPLOYERS,
TRADE UNIONISTS, HIGHER CIVIL SERVANTS AND THE PRESS.
WHETHER IT WILL FINALLY ELUDE A "TRADE UNION VETO"
IS AN OPEN QUESTION, BUT SOME LABOR LEADERS ARE ASKING:
"WHY ACCEPT FROM TINDEMANS II WHAT WE REFUSED TO ACCEPT
FROM TINDEMANS I?" END SUMMARY.

2. HARD ON THE HEELS OF HIS ABORTIVE RESIGNATION (REF A),
PRIME MINISTER LEO TINDEMANS PRESENTED AN ANTI-CRISIS
BILL (POPULARLY CALLED THE "DINOSAUR" BILL DUE TO ITS
BULK) IN THE LOWER HOUSE OF THE BELGIAN PARLIAMENT ON
JUNE 22. SUBMITTED AS TWO SEPARATE TEXTS - ONE FOR
PRESENTATION IN THE HOUSE, THE OTHER IN THE SENATE - THE
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BILL PROPOSED, INTER ALIA, THE FOLLOWING MEASURES:

I. STRUCTURAL REFORM AND ECONOMIC AND SOCIAL MEASURES

--- A. MEASURES TO PROMOTE THE CREATION AND EXPANSION OF
SMALL BUSINESSES

--- B. TAX MEASURES TO PROMOTE INVESTMENT AND TO COMBAT
TAX FRAUD

--- C. SUPPRESSION OF "BLACK" WORK - I.E. WORK CONTRACTED
THROUGH LABOR BROKERS EVADING TAX AND SOCIAL SECURITY
CONTRIBUTIONS

--- D. STRUCTURAL AND ECONOMIC REFORMS

1. NATIONAL AND REGIONAL INVESTMENT AUTHORITIES
(SNI AND SNR'S) TO BE PLACED ON A PAR WITH
PRIVATE HOLDING COMPANIES
2. ENCOURAGEMENT OF PUBLIC INITIATIVE, THROUGH THE
PROVISION OF ADDITIONAL RESOURCES AND GUARANTEES
3. CLOSER CONTROL OF BANK INSPECTION. DESIGNATION
OF GOVERNMENT REPRESENTATIVES ON THE BOARDS
OF EACH OF THE COUNTRY'S FOUR PRINCIPAL BANKS
4. PUBLIC SAVINGS ASSOCIATIONS TO BE PERMITTED FULL
BANKING SERVICES
5. GOVERNMENT TO DEVELOP A NATIONAL STEEL PLAN, AND
TO INVEST IN STEEL ENTERPRISES

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--- E. REFORM OF ENERGY SECTOR

1. REORGANIZATION OF THE ENERGY SECTOR TO INCREASE ITS
EFFICIENCY AND ORIENTATION TO THE GENERAL
INTEREST
2. NATIONAL ENERGY COMMISSION TO BECOME FULLY
OPERATIONAL
3. MEASURES TO PERMIT EXPANSION OF PUBLIC ELECTRICITY
ENTERPRISES
4. PURCHASE BY THE STATE OF FUTURE STOCK OFFERINGS
OF PRIVATE ENERGY FIRMS
5. CREATION OF A PURCHASING AUTHORITY TO BUY AND
STOCK PETROLEUM PRODUCTS
6. ESTABLISHMENT OF A PUBLIC AUTHORITY TO CONTROL
THE TRANSPORT OF ENERGY VIA PIPE-LINE
7. REORGANIZATION OF THE ELECTRICITY AND GAS

COMMISSION

--- F. SOCIAL SECTOR

1. REFORM OF THE SOCIAL SECURITY SYSTEM BY MEANS OF
ROYAL DECREE, WITH LATER SUBMISSION FOR PARLIAMEN- '
TARY RATIFICATION

2. CONSOLIDATION AND SIMPLIFICATION OF THE
REGULATIONS GOVERNING THE PAYMENT OF BENEFITS
TO HANDICAPPED PERSONS

3. SIMPLIFICATION AND IMPROVEMENT OF THE SYSTEM OF
FAMILY ALLOWANCES FOR WORKERS
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C O R R E C T E D C O P Y (TEXT--ADDING SUBPARA 2.I.F.4.)

4. CONCORDANCE OF LEGISLATION GOVERNING SICK PAY
AND WORKMENS COMPENSATION

5. REFORM OF THE NATIONAL EMPLOYMENT SERVICE

6. REFORM OF THE APPRENTICESHIP PROGRAM

7. SUPPRESSION OF SEX DISCRIMINATION IN EMPLOYMENT

8. WORKS COUNCIL ELECTIONS TO BE MANDATORY IN ALL
FIRMS EMPLOYING 100 OR MORE PERSONS

II. REFORM OF PUBLIC FINANCE

TO ACHIEVE THE TARGETED 2 REDUCTION IN THE BUDGET FOR
1978, THE FOLLOWING ECONOMIES ARE PLANNED:

--- A. EDUCATION

1. EDUCATION BUDGETS AND SUBSIDIES TO BE LIMITED IN
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GROWTH TO THE PERCENTAGE INCREASE IN THE
CONSUMER PRICE INDEX

2. PERCENTAGE CUTS TO BE MADE IN CURRENT GOVERNMENT
SUBSIDIES TO EDUCATION, AS FOLLOWS: NORMAL
OPERATING EXPENSES (5); CAPITAL PURCHASES
(10); TRAVEL (20)

3. EXTENSION OF THE SCHOOL-LEAVING AGE TO BE
DEFERRED

4. UNIVERSITIES AND OTHER INSTITUTIONS OF HIGHER
LEARNING OFFERING LONG-TERM TRAINING TO BE
REQUIRED TO CHARGE A FIXED TUITION, THE AMOUNT
TO BE DETERMINED

--- B. NATIONAL DEFENSE:

POSTPONEMENT TO 1979 OF THE INTRODUCTION OF
ABBREVIATED (6 MONTHS) MILITARY SERVICE

--- C. STRICTER APPLICATION OF THE REGULATIONS GOVERNING
THE PAYMENT OF UNEMPLOYMENT BENEFITS

--- D. AN INCREASE IN THE PART-PAYMENT REQUIRED OF PATIENT
FOR OUT-PATIENT MEDICAL TREATMENT AND MEDICINES

--- E. A SOCIAL SECURITY CONTRIBUTION TO THE HEALTH
SERVICE TO BE REQUIRED OF PENSIONERS ENJOYING INCOMES
EXCEEDING A CERTAIN MAXIMUM

--- F. PENSION REFORM: PENSIONS TO BE LIMITED AS TO
PERCENTAGE OF FINAL PAY, AND IN ABSOLUTE AMOUNT (NOT TO

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EXCEED THE PAY OF A CIVIL SERVANT WITH THE GRADE OF
SECRETARY GENERAL)

--- G. HOSPITALS:

1. CLOSER CONTROLS ON THE INSTALLATION OF COSTLY
EQUIPMENT
2. LIMITATION ON THE NUMBER OF BEDS IN UNIVERSITY
HOSPITALS
3. A TEMPORARY BLOCK ON HOSPITAL CONSTRUCTION
4. CLOSER CONTROL ON HOSPITAL REFERRALS

--- H. PUBLIC WORKS AND TRANSPORTATION:

1. LIMITATION ON FUNDS FOR THE CONSTRUCTION AND
MAINTENANCE OF AUTOROUTES

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2. CLOSER CONTROL AND HIGHER TAXATION OF HEAVY
TRUCKS USING AUTOROUTES

3. HIGHER FARES ON PUBLIC TRANSPORT

III. GENERAL MEASURES AFFECTING THE BUDGET

--- A. SPECIAL POWERS ENABLING THE GOVERNMENT TO TAKE WHATEVER ACTION MAY BE NECESSARY TO EFFECT THE 1978 AND 1979 BUDGETS AS PLANNED - PARTICULARLY WITH RESPECT TO ZERO REAL GROWTH OF THE 1979 BUDGET; ROYAL DECREES CONCERNING THE 1978 BUDGET TO HAVE NO EFFECT BEYOND 1979 UNLESS RATIFIED BY PARLIAMENT. THOSE CONCERNING THE 1979 BUDGET TO HAVE EFFECT ONLY AFTER RATIFICATION BY PARLIAMENT.

--- B. AUTHORITY TO MAKE NECESSARY BUDGET ADJUSTMENTS AS MAY BE REQUIRED BY APPLICATION OF THE EGMONT-STUYVENBERG COMMUNITY ACCORDS

3. THOUGH THE TIME LAPSED SINCE THE TEXT WAS MADE PUBLIC HAS BEEN VERY BRIEF, MANY REACTIONS ARE ALREADY IN. THE LIMITED OFFICIAL USE

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FEDERATION OF BELGIAN EMPLOYERS (FEB) FOUND THE BILL INADEQUATE TO BUDGET REFORM AND TO RESTORATION OF BUSINESS CONFIDENCE. THE CONSERVATIVE CATHOLIC "LA LIBRE BELGIQUE" CONCLUDED: "GOOD INTENTIONS, BUT FEW ECONOMIES". THE GENERAL COUNCIL OF THE SOCIALIST PARTY APPROVED THE BILL, BUT WITH CERTAIN RESERVATIONS. BARON GENDEBIEN'S RASSEMBLEMENT WALLON PARTY REJECTED IT AS A RECENTRALIZATION OF AUTHORITY IN DEFIANCE OF THE COMMUNITY ACCORDS. THE EXECUTIVE BUREAU OF THE CHRISTIAN TRADE UNION (CSC) EXPRESSED SERIOUS RESERVATIONS WITH RESPECT TO SOME OF THE MEASURES TOUCHING SOCIAL SECURITY. GEORGE DEBUNNE'S SOCIALIST FGTB WILL MAKE ITS FORMAL ASSESSMENT JUNE 27. MEANWHILE, HOWEVER, SETCA AND THE CENTRALE GENERALE, TWO OF THE MORE POWERFUL FGTB AFFILIATES HAVE EXPRESSED STRONG RESERVATIONS. FOR THE LUXEMBOURG PROVINCIAL COUNCIL OF THE CHRISTIAN WORKERS MOVEMENT (MOC), THE BILL'S EFFORT TO ABSORB THE BUDGETARY DEFICIT AT THE EXPENSE OF THE WORKERS IS UNACCEPTABLE. THE CHRISTIAN WHITE COLLAR UNION (CNE) HAS CAUTIONED AGAINST ACCEPTANCE OF A LAW WHICH "IN BOTH THE SHORT AND MIDDLE TERMS CAN ONLY ADD TO THE PROBLEMS OF WORKERS". FINALLY THE YOUNG FLEMISH SOCIALISTS WERE EMPHATIC IN THEIR REJECTION OF "SO CALLED STRUCTURAL REFORMS, SUPERFICIAL AND VAGUELY ELABORATED".

4. COMMENT.

WHILE AT FIRST ESTIMATE THE ECONOMY MEASURES PROPOSED SEEM

MINIMAL AT BEST, THEY MAY BE ALL THAT (PERHAPS MORE THAN)
THE TRAFFIC WILL BEAR. THE FEB'S CRITICISM OF THE
PROPOSALS AS INCOMMENSURATE WITH THE SIZE OF THE PROBLEM,
WHILE ACCURATE, MAY BE A BIT UNFAIR. THE BILL SHOULD BE
READ WITH EYSKENS' COMMENTS IN MIND - THAT THE MEASURES
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PROPOSED ARE NOT PRESENTED AS AN INSTANT SOLUTION BUT AS
A MEANS TO TRIM THE RATE OF GROWTH OF THE BUDGET THIS
YEAR, HOPEFULLY TO STABILIZE IT IN THE COMING YEAR. BUT
EVEN THIS RELATIVELY MODEST GOAL IS UNCERTAIN OF
ATTAINMENT. ASSUMING - AFTER THE JUNE 15-19 CRISIS -
THAT THE ANTI-CRISIS BILL WILL CLEAR THE POLITICAL HURDLE,
IT STILL RUNS THE RISK OF WHAT THE CONSERVATIVE "LA
LIBRE BELGIQUE" HAS APTLY TERMED "THE TRADE UNION VETO".
WHILE IT REMAINS TO BE SEEN WHETHER SUCH A VETO WILL BE
APPLIED, THERE ARE THOSE - SUCH AS THE FGTB'S JACQUES
YERNA - WHO WILL NOT FAIL TO ASK (NOT WITHOUT REASON):
"WHY ACCEPT FROM TINDEMANS II WHAT WE REFUSED FROM
TINDEMANS I?" (REF B). CHAMBERS

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